

Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00 FRB-01

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R 151846Z JUL 76

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 6350

UNCLAS BUENOS AIRES 4636

E.O. 11652: N/A

TAGS: ETDR, EFIN, AR

SUBJECT: MODIFIED FINANCING REQUIREMENTS FOR CAPITAL GOODS
IMPORTS

PASS COMMERCE AND EXIMBANK

REF: A) BUENOS AIRES 3510

B) 75 BUENOS AIRES 2713

1. RECENTLY, GOA ANNOUNCED FURTHER CHANGES IN IMPORT REGIME AIMED AT REMOVING SOME OF THE OBSTACLES FOR THE IMPORTATION OF CAPITAL GOODS, WHICH IN THE CASE OF MANY ITEMS HAS BEEN PARALYZED DURING THE LAST YEAR. MEASURES ARE CONTAINED IN CIRCULAR ISSUED BY THE CENTRAL BANK JULY 5, 1976, R.C. 641, WHICH SETS FORTH SUPPLIER FINANCING REQUIREMENTS, SUPERSEDING R.C. 610 AND 524 (SEE 75 BA 2713, 76 BA 3510); ALTHOUGH LIBERALIZED, GROUND RULES STILL REQUIRE APPROVAL OF CENTRAL BANK PRIOR TO ANY OVERSEAS PURCHASE OF CAPITAL GOODS.

2. R.C. 641 ESTABLISHES SHORTER MINIMUM GRACE AND AMORTIZATION PERIODS FOR PAYMENT AS FOLLOW:
VALUE OF TRANSACTION IN DOLLARS

FROM	TO	REPAYMENT TERMS	GRACE PERIOD
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A)--	10,000	NOT PRIOR TO 6	--
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MONTHS FROM DATE

OF SHIPMENT
B)10,000 30,000 2 YEARS 6 MONTHS FROM DATE
OF SHIPMENT
C)30,000 50,000 3 YEARS 6 MONTHS FROM DATE
OF SHIPMENT
D)50,000 100,000 3-1/2 YEARS 6 MONTHS FROM DATE
OF SHIPMENT
E)100,000 200,000 4 YEARS 6 MONTHS FROM DATE
OF SHIPMENT
F)200,000 500,000 4-1/2 YEARS 12 MONTHS FROM DATE
OF SHIPMENT
G)500,000 1,000,000 5 YEARS 12 MONTHS FROM DATE
OF SHIPMENT
H)1,000,000 INQUIRE AT CENTRAL BANK (MINIMUM TERM 5-1/2 YEARS)
3) A KEY ASPECT OF THE GREATER FLEXIBILITY INTRODUCED BY THE NEW
REGULATION IS THAT PAYMENT TERMS ARE NOW DETERMINED ON A SINGLE
TRANSACTION BASIS, WITHOUT TAKING INTO ACCOUNT PREVIOUS TRANS-
ACTIONS. R.: 610 HAD REQUIRED THAT CUMULATIVE VALUE OF IMPORTS
FROM A GIVEN SUPPLIER DURING THE PRECEDING 6 MONTHS BE THE CRITERIA
FOR DETERMINING TERMS OF
TRANSACTION WITH THAT SUPPLIER.

4. CAPITAL GOODS ARE EXPLICITLY DEFINED BY BRUSSELS NOMENCLATURE
IN AN ANNEX TO THE CIRCULAR. WITH SOME MODIFICATIONS, ITEMS
REMAINED THE SAME AS ANNEX TO R.C. 524.

5. POST POUCHING COPIES OF CIRCULAR R.C. 641 AND CORRESPONDING
TRANSLATION.

6. COMMENTS: THIS CENTRAL BANK MEASURE REPRESENTS AN EFFORT
TO BRING ARGENTINE SUPPLIER CREDIT REQUIREMENTS IN LINE WITH
INTERNATIONALLY ACCEPTED COMMERCIAL PRACTICE. THE AMORTIZATION
AND GRACE PERIODS IMPOSED REINSTATE R.C. 328, IN EFFECT FROM
JUNE '76 TO APRIL '75, WHEN R.C. 524 ANNOUNCED, WITH THE ADDITIONAL
REQUIREMENT THAT CENTRAL BANK APPROVAL BE OBTAINED. NO DOUBT,
CENTRAL BANK WILL CONTINUE TO RELY ON FOREIGN EXCHANGE AVAILABILITY
AS CRITERIA FOR IMPORT AUTHORIZATION. EMBOFF INFORMED THAT
SPECIAL EFFORTS WERE MADE TO APPRAISE GERMAN FINANCIAL CIRCLES
OF NEW CIRCULAR DURING BONN VISIT OF MARTINEZ DE HOZ. EMBASSY
WILL FOLLOW UP ON FINANCIAL COMMUNITY REACTION.
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